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CONTRIBUTION OF INDUSTRIAL COMBINATIONS TO NATIONAL WELFARE

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A combination of either men or capital is in itself neither good nor bad, except in so far as it exercises its potentiality in the one direction or the other. This potentiality stands in direct proportion to the size of the combination and is even greater than the combined potentialities of its component parts, just as the purchasing power of a thousand dollars, due to the advantages of wholesale buying, is even larger than the combined purchasing powers of the individual dollars making up this sum.

The relation of industrial combinations to national welfare can, therefore, be discussed along two lines, according to whether the combination is a good or a bad one from the standpoint of the common good, or whether it is large or small in size. Eliminating the second differentiation as one of degree only, we must at once choose between the combination which utilizes its potential power for social good or social evil in order that we may be in a position to judge of the character of its contribution to national welfare.

In the final analysis, there can be no question that fair-minded men will lend neither their approval nor their moral support to any combine which operates in defiance of the common good, neither will they countenance any act of an otherwise well-intentioned body which does not successfully stand the test of fairness to all concerned. Admitting then that any force which does or can react unfavorably upon the common welfare should be fought relentlessly and eradicated by all legitimate means, it follows that to discuss the relationship of such force to national welfare can serve no constructive useful purpose save to outline its baneful influence in clear and strong contour to the end that men may be deeply stirred and stimulated to wage war upon it. This war, however, must be one of fair discrimination, directed against the abuse of power and not the power itself, and concerned with the weakness and imperfections of the industrial system and not the elimination of the system itself

which has sprung up in response to the development of modern industrial activities.

As our political system is based on the conception of a government of law and not a government of men, so should our industrial system of combinations be judged by the character and inherent tendency of the combinations, either to subserve the public good, or to exploit the people for the benefit of the few, and not by the commissions or omissions of those who are the directing heads of the day and who, if they act unmindful of their obligations to society as a whole, should become the personal target of our scorn.

Firmly convinced that the unfailing work of public opinion and the certain though often slow process of remedial legislation and judicial adjustment in a well-ordered state will inevitably right what is wrong and harmful in any system, I shall refrain from a further consideration of the injurious and destructive, and turn to the helpful and constructive phase of the relation which industrial combinations bear to national welfare.

I submit as my fundamental proposition that an industrial combination is and ought to be made a powerful agency for the common good. Some of them are already working in this direction and many more are showing an unmistakable tendency along these same lines. Such combinations, to my mind, would be managed by able, fair-minded men who, though naturally engaged upon utilizing the money entrusted to their care by the stockholders in the most profitable manner, are at the same time conscious of their social obligations to their employees, their customers, the community in which they operate, and to the people at large, and, in addition, possess the imagination and foresight to realize that such broad-minded conception of duty and obligation will in many ways help, and in no way hinder, the accomplishment of their legitimate business purposes.

On the other hand it may be said, that national welfare is synonymous with a condition under which the people enjoy a fair and adequate measure of contentment and happiness, of healthy physical and mental development, all of which, in an industrial sense, will result from the payment of an equitable compensation for labor, and the establishment of fair conditions of work. Each individual employer, as well as a combination of employers, can, of course, contribute his proportionate share toward the welfare of those work-

ing for him and with him. Yet our complex social and industrial life offers many problems with which the individual cannot readily cope on account of the large resources of money and the broad treatment which their solution demands, and also because the successful carrying out of some sociological plans must depend upon larger aggregation of workers and means than are ordinarily grouped under a single employer. When banded together in an industrial combination, they can collectively carry into effect what individually they could not easily bring to pass, while at the same time their combined strength in capacity, finance and opportunity will permit the consummation of such benefits in a larger degree and on a firmer foundation than would otherwise be possible.

The care of sick and injured employees and of those who through old age can no longer render efficient service, but who by virtue of their past work are entitled to spend their declining years free from want and with the preservation of their self-respect; adequate assistance to those dependent on the victims of accident and sickness and who are thus deprived of their sole means of support; the establishment of sanitary and hygienic conditions of the most approved order in the work shops and throughout the premises of the employer, and even in the homes of the employees; the industrial education of the boys and girls who are to take up the burden of the work in the coming generation, and the advancement of those already employed who are anxious to reach a higher plane of industrial usefulness so that, with an increased skill and mentality, imagination and taste, they may derive greater enjoyment from their leisure hours and more contentment in their daily work; these and many other similar activities are merely indications of the vast field of genuine and lasting helpfulness in which the power and resourcefulness of the industrial combination can promote the well-being of the people.

These matters, as I have said, are indissolubly associated with the welfare of the working people; and inevitably we are led to inquire as to the relative capacity and opportunity of the individual employer and the large combination to open up this great field to the advantage of the employees. Can the average individual employer successfully compete with the larger combinations in the erection of workshops and factories which present model conditions of lighting and ventilation? Can he as readily afford to introduce every effective measure that will make for the safety and convenience of his workers? Above

all else, can he assure to his employees that steadiness of employment throughout the year which is the very keynote of the welfare of the people? An increased daily or weekly wage alone, we must admit, will not permanently improve the lot and comfort of the workers unless in addition the employee can have a fair assurance of this wage for every week of the year, provided he is ready, in return, to give of his labor in a fair and honest manner.

The struggle for an increased wage has always existed, and will continue as the centuries roll by; it is after all, only one phase of the everlasting struggle of evolution to a higher plane of existence. We should not deprecate this tendency but rather make it our serious concern, if we truly desire to advance the welfare of the people, to find ways and means of affording to the workers steady opportunity for work as far as this can be done under ordinary conditions of commerce and industry.

It would seem that the wisely managed industrial combination is in a fair position to do this, whereas the individual employer can only approximate it. By virtue of its resources and power the large combination can effectively minimize waste of production and the larger waste of the distribution of goods; purchase its raw materials at a low rate; effect economies of manufacture through the introduction of special machinery and efficient business methods; and therefore, without lowering the wage scale, reduce the cost of production and, correspondingly, the selling price of the finished product. This in turn will place articles heretofore classed as luxuries within the reach of the masses and, therefore, tend to open an enlarged market of consumption which must result in increased production and a greater opportunity for steady employment. Moreover, an industrial combination more readily than an individual employer, can so adjust its production as to distribute it fairly equally over the whole year, being further aided in this respect by its ability to engage in various industries of the same general character and to anticipate future requirements by producing and stocking goods for future consumption. Its resourcefulness in money and brains, furthermore, gives the industrial combination the potential advantage of stimulating and developing inventions for the advancement of the arts, with the resulting benefit that new fields of activity will be opened up for general use and, in consequence the comfort and the pleasure of the life of the people enhanced and national welfare promoted. While I

am aware of the argument on the other side that competition will more surely bring to the surface latent possibilities and capacities which may stimulate inventions and make for general efficiency, I submit that industrial combinations do not eliminate this condition, for the stimulant of ambition acting upon genius will make itself felt just as powerfully between men, whether they derive their opportunity and their reward from the same source or from different ones. The further claim that industrial combinations can and sometimes do deprive the people of the benefits of such improvements by withholding their exploitation and use, would, to my mind, if well founded at all, merely indicate the way along which the scope and character of our legal machinery should advantageously be improved to the end that the combination itself may be made more serviceable to the welfare of the people.

The burden of my whole argument in support of the wholesome influence of industrial combinations on national welfare is based, as already stated at the outset, on the assumption that these combinations are and ought to be constructive and beneficial in character. It would be folly, however, to close one's eyes to existing deficiencies in the operation of some industrial combines, or to the possibilities of harmful results growing out of their future actions. An aroused public conscience will have to apply from time to time necessary corrective measures, as it is now at work to crystallize into statutory provisions such safeguards and regulations as would seem necessary for the protection of the people against real and alleged abuses of some combinations. These abuses may, in the main, be traced back to a lack of appreciation by some industrial managers of the sociological needs of the times, and to a neglect of the psychological aspect of modern industries. In all fairness, however, to the sagacious business men who created and developed our wonderful industrial system until it challenges to-day the admiration of the whole industrial world, it should be remembered that the intensity of this upbuilding process so engrossed their thought and time that the sociological phase of their work had necessarily to be somewhat neglected. The great expansion of the working force and the great influx of foreign workmen during the last two decades, however, and consequent multiplying restrictive legislation and growing influence of organizations of workers and employers, greatly contributed to the present complexity of the conditions of labor, and forced closer

attention to the human factor in industry than had heretofore been given. Much constructive work has been undertaken of late in this respect, but much more needs to be done by the employers of labor and particularly by the industrial combinations.

In order, then, that this work may receive proper direction and attention, I would earnestly advocate the establishing of a "Department of Applied Economics" in each industrial combination and, as far as practicable, by each individual employer. This department should concern itself with the study of human progress in its relation to industrial employment, so as to be able to analyze each existing condition and to propose an adequate and broad-gauged plan of action where such is required; and more important yet, to foresee the conditions of employment which the development of the industrial system is bound to create, in order to suggest ways and means which will effectively meet the coming situation and even anticipate and direct it into its proper channels.

Experts in all matters pertaining to the welfare of the working classes, familiar with the history of the movement for improving human conditions, analytical and constructive in mind, ready and anxious at all times to assist the industrial managers in the treatment of the human phase of their great and vast problems,—these practical economists in our industrial system would prove an important factor in the further development of the potential power of industrial combinations for the promotion of national welfare.

The spirit of the times is tending towards humanitarianism. The human side of industry must, therefore, receive increased recognition and expert study and attention. Its adequate treatment would be an appropriate response to the demands of the day and would prove beneficial alike to the interests of the employer and the employee, by eliminating economic waste and conserving human energy.

The Department of Applied Economics is proposed as the agency through which the desired result would be achieved.